(b) The reserves are held in all major international currencies like US $, Euro, Pound, Yen, etc.

(c) India's entire foreign exchange reserves are invested by Reserve Bank of India in multicurrency, multimarket portfolios.

(d) Since the forex reserves are invested outside the country, there is no direct impact on the prices of commodities.

Sixth Pay Commission

†766. SHRI RAMDAS AGARWAL:
SHRI SURENDRA LATH:
SHRI JANARDHANA POOJARY:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Government has received the recommendations of the report or the Sixth Pay Commission meant for the Central Government employees;

(b) if so, by when Government is likely to implement these recommendations;

(c) what would be the impact of the recommendations of this Pay Commission on the exchequer of the country; and

(d) the manner in which Government would arrange the excess amount to be incurred on it?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) No, Sir.

(b) to (d) Do not arise, as the recommendations have not been received.

Recommendations of SEBI and RBI on participatory notes

767. SHRI P.R. RAJ AN: Will the Minister of FINANCE be pleased to state:

(a) whether the Securities and Exchange Board of India (SEBI) and the Reserve Bank of India (RBI) has given any recommendation to Government on the Participatory Notes;

(b) if so, the details thereof, and

(c) whether Government is planning any regulation in the issuing of Participatory Notes?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) Yes, Sir.

(b) and (c) In consultation with the Government and RBI, the Securities and Exchange Board of India (SEBI) has, in order to regulate issuance of Participatory notes (PNs) with Indian underlying securities, has approved the following measures in the meeting of its Board held on 25* October, 2007:

1. FIIs and their sub-accounts shall not issue/renew Offshore Derivative Instruments (ODIs) with underlying as derivatives with immediate effect. They are required to

†Original notice of the question was received in Hindi.

wind up the current position over 18 months, during which period SEBI will review the position from time to time.

2. Further issuance of ODIs by the sub-accounts of FIIs will be discontinued with immediate effect. They will be required to wind up the current position over 18 months, during which period SEBI will review the position from time to time.

3. The FIIs who are currently issuing ODIs with national value of PNs outstanding (excluding derivatives) as a percentage of their Assets Under Custody (AUC) in India of less than 40% shall be allowed to issue further ODIs only at the incremental rate of 5% of their AUC in India.

4. Those FIIs with national value of PNs outstanding (excluding derivatives) as a percentage of their AUC in India of more than 40% shall isssue PNs only against cancellation/redemption/closing out of the existing PNs of at least equivalent amount.

Foreign Direct Investment (FDI) in the insurance sector

768. SHRI P.R. RAJAN: Will the Minister of FINANCE be pleased to state:

(a) whether Government is planning to increase Foreign Direct Investment (FDI) in insurance sector; and

(b) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) On the recommendations of the Law Commission/K.P. Narasimhan Committee and Insurance Regulatory and Development Authority, it has been proposed to amend the Insurance Laws including enhancement of FDI in Indian Insurance Companies. Accordingly, a Cabinet Note on Insurance Laws (Amendment) Bill, 2006 was prepared and submitted to the Cabinet, which considered the same in its meeting held on 21.12.2006. The Cabinet referred the Bill to the Group of Ministers (GOM) for consideration, which has yet to make its final recommendation.

Investment in Mutual Funds

769. SHRIMATI PREMA CARIAPPA:
SHRI SANTOSH BAGRODIA:

Will the Minister of FINANCE be pleased to state:

(a) whether Government has allowed the Public Sector Enterprises (PSEs) to invest in Mutual Funds;

(b) if so, what are the guidelines in this regard;

(c) whether it is a fact that the PSEs are allowed to invest only in select Mutual Funds governed by such agencies in which Government has major stakes; and

(d) if so, the reasons for putting such limitations on the PSEs many of which are entitled for financial autonomy under Navratna Scheme?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) to (d) Government has issued guidelines on 31st August, 2007